

**MINUTES OF THE
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

September 21, 2007 • 10:00 a.m. to 12:00 p.m.
324 South State Street, Suite 500
Salt Lake City, Utah

Members Present: Ragula Bhaskar, Bill Boyle, Jack Brittain, Mary Draper, Stanley Ellington, Molonai Hola, Nikos Linardakis, Amy Rees Lewis (by phone), Richard Nelson, Jerry Oldroyd, James Sorenson, Cliff White

Members Absent: Mel Lavitt, Gerald Sherratt

Visitors: Colleen Burke, John Davis, Tauni Everett, Reed Jacobs, Kirk Jensen, Peter Klinge, Ted McAleer, Lesley Mitchell, Craig Peterson, Dave Sorenson, Michael Stransky, Brice Wallace

Staff: Luke Behrmann, Clark Caras, Doug Clark, Mimi Davis-Taylor, Ricardo Flores, Connie Gates, Amy Hamblin, Gabe Hammond, Franz Kolb, Fred Lange, Bill Loos, Marshall Moore, Jason Perry, Pete Pletsch, Ryan Starks, Michael Sullivan, Leigh Von der Esch

Welcome -

Approve August 2007 Minutes

MOTION: Jack Brittain moved to approve the minutes of the August 17, 2007 GOED Board Meeting. Molonai Hola seconded the motion. Motion carried unanimously.

MOTION: Jack Brittain moved to approve the minutes of the August 28, 2007 GOED Board Conference Call. Bill Boyle seconded the motion. Motion carried unanimously.

Committee Reports

Incentives Committee

MPIF – The Cusp

Project Request:

- Application type: MPIF
- Category: Feature Length Motion Picture
- Dollars left in state : \$1,000,000
- Requested estimated rebate at \$150,000
- Average Salary for Utah crew \$225 per day; cast \$762 per day
- Film production will total 18 days

Incentive Rebate Percentages

- Amount of budget to be spent in Utah: \$1,000,000 which represents 57% of the total budget of \$1,740,000

Script Review for Content Matter: PG13

Demonstrate Readiness Requirements:

- Financing: 100% in place
- Distribution agreement: New Line Home Entertainment domestic and international
- distribution
- Completion Bond: Pending approval of final budget by New Line Home Entertainment

Project schedule:

- Beginning preproduction: Anticipated to be the second week in September
- Beginning Photography: Anticipated to be the third week in October
- Begin Wrap: Anticipated to be the third week in November

MOTION: Jerry Oldroyd moved to approve for The Silverstein/Barder Company, Inc., for the film, The Cusp, an MPIF rebate not to exceed 15% of the total dollars left in state. The total dollar amount of the rebate shall not exceed \$150,000. Jack Brittain seconded the motion. Motion carried unanimously.

MPIF – Project Braveart

Project Request:

- Application type: MPIF
- Dollars left in state : \$1,692,223
- Requested estimated rebate at \$253,833
- Average Salary for 65 Utah crew and cast = \$15,000
- Film production will total 24 days

Incentive Rebate Percentages:

- Amount of budget to be spent in Utah: \$1,692,223 which represents 46% of the total budget of \$3,653,144

Script Review for Content Matter: R

Demonstrate Readiness Requirements:

- Financing: 100% private equity in place
- Distribution agreement: Theatrical Release
- Completion Bond: None required-private equity financed

Project schedule

- Beginning preproduction: 10/07/07-11/09/07
- Beginning Photography: 11/14/07-12/19/07
- Begin Wrap: 12/20/07-1/09/08

MOTION: Jerry Oldroyd moved to approve for Braveart Films, LLC, for the Project Braveart film, a MPIF rebate not to exceed 15% of the total dollars left in state. The total dollar amount of the rebate shall not exceed \$253,833. Jack Brittain seconded the motion. Motion carried unanimously.

It was noted that the film rating could possibly be a PG-13. The Incentives Committee had a lengthy discussion on the best use of remaining MPIF funds and how to determine which films to incent.

MPIF –The Oreska Band

Project Request:

- Application type: MPIF
- Category: Feature Independent
- Dollars left in state : \$1,000,000
- Requested estimated rebate at \$150,000
- Average Salary for 55 Utah crew and 8 cast = \$2,000 per week
- Film production will total 18 days (10 in Utah)

Incentive Rebate Percentages:

- Amount of budget to be spent in Utah: \$1,000,000 which represents 48% of the total budget of \$2,098,570

Script Review for Content Matter: PG

Demonstrate Readiness Requirements:

- Financing: 100% Financed by T&C Pictures
- Distribution agreement: US MTV and Japan theatrical release
- Completion Bond: No Bond Required

Project schedule:

- Beginning preproduction: 9/20/07-10/30/07
- Beginning Photography: 10/31/07-11/14/07
- Begin Wrap: 11/15/07-11/20/07

MOTION: Jerry Oldroyd moved to approve for The Movie Company, Inc., for the film, The Oreska Band, a MPIF rebate not to exceed 15% of the total dollars left in state. The total dollar amount of the rebate shall not exceed \$150,000. Richard Nelson seconded the motion. Motion carried unanimously.

Thermo Fisher Scientific

Company Request:

- The maximum EDTIF incentive available to support the expansion of the company's Bioprocess Production business unit (formerly HyClone) in Logan

Project Highlights:

- 196 New Full time jobs in Logan, Utah
- Company Projected Wages: Average salaries of greater than \$30,000 per year which is 145% of the Cache County Median Wage

- New State Revenue: \$ 9,118,000 over 10 years
- New State Wages: \$ 68,054,000 over 10 years
- Capital Investment: \$ 21,100,000
- ROI Multiple: 3.3 times
- Competition: Other existing Thermo Fisher Scientific locations

Local Incentives:

- Free land from Logan City valued between \$1,000,000 and \$1,500,000

MOTION: Jerry Oldroyd moved to approve for Thermo Fisher Scientific, Inc. a 30% EDTIF partial tax rebate on a post performance basis over ten years not to exceed \$2,735,000. Nikos Linardakis seconded the motion. Motion carried unanimously.

Additional Requirements:

- EDTIF maximum incentive not to exceed 30% of new state revenues over the life of the project
- The Company must commit to keep operations in Utah for a minimum of 10 years
- The average salary of the new employees must be equal to or greater than 140% of the Cache County Median Wage for the years through 2010 and 175% of the Cache County Median Wage thereafter.

Barnes Aerospace

Company Request:

- The Maximum Economic Development Tax Increment Financing incentive available rebating 30% of new state revenue

Project Highlights:

- 474 new full-time employees in Weber County
- Retain 145 existing jobs in Ogden
- Company Projected Wages: \$35,351 or 143% of Weber County Median (\$21,500)
- New State Revenue: \$3,496,000 over 10 years
- \$7,927,000 over 15 years
- New State Wages: \$68,303,000 over 10 years
- \$150,221,000 over 15 years
- Return on Investment (Direct): 5.0 Times
- Capital Investment: \$11,800,000
- Competition: Expansion at other Barnes facilities

Local Incentives:

- The Business Depot Ogden/Ogden City have offered \$1.6 Million incentives consisting of \$100,000 free rent in existing building while the new facility is being built; \$500,000 in free land; \$1,000,000 in “no cost” building improvements totaling \$1,600,000.

It was explained that this is a reapplication because they are no longer going to relocate one of their other divisions to Utah and are not sure they can meet the previous median wage requirement without those relocation jobs.

MOTION: Jerry Oldroyd moved to approve for Barnes Aerospace Division of the Barnes Group, Inc., an EDTIF incentive of up to \$2,000,000 which is 20% of expected new state revenue over 15 years. Jack Brittain seconded the motion. Motion carried unanimously.

Additional Requirements:

- Rebate not to exceed 20% of new state revenues over the 15 year life of the project.
- Company must commit to keep operations in Utah for a minimum of 15 years
- New employees salaries to average at least 125% of the Weber County Median Wage

Economic Development Zones

Establish an Economic Development Zone for purposes of supporting the location of the U.S. Foodservice project in the City of Ogden, Utah.

Establish an Economic Development Zone for purposes of supporting the location of the Syracuse Castings West Project in Tooele City, Utah.

Establish an Economic Development Zone for purposes of supporting the location of the Thermo Fisher Scientific, Inc. Project in the City of Logan, Utah.

MOTION: Jerry Oldroyd moved to approve the creation of Economic Development Zones for the City of Ogden, the City of Logan and Tooele City in support of their letters of commitment and maps detailing the zoning and boundaries of the three projects listed above. Cliff White seconded the motion. Motion carried unanimously.

GOED Report

Jason Perry explained the GOED Annual Report that is required every year by the legislature. Copies of the GOED Annual Report were handed out. The recruitment effort was discussed and a Daily Herald article was handed out addressing the issue of recruiting engineers. Fred Lange announced that the PTAC Procurement Symposium will be held on October 18th.

Marshall Moore, Director of the Utah Film Commission, presented the new Film Commission photo book. This book will be part of a package that is given to filmmakers all over the world to show the various shooting locations available around the state.

Leigh Von der Esch, Managing Director, Office of Tourism, presented information on their marketing partnerships, new advertisements and the winter campaign. Footage of Utah was shown which has been given to various partners to promote the state.

Dave Sorenson, Executive Director, Manufacturing Extension Partnership (MEP), presented data and statistics on manufacturing in Utah and how MEP assists these companies. The value of the manufacturing industry within the state was explained.

Meeting adjourned.